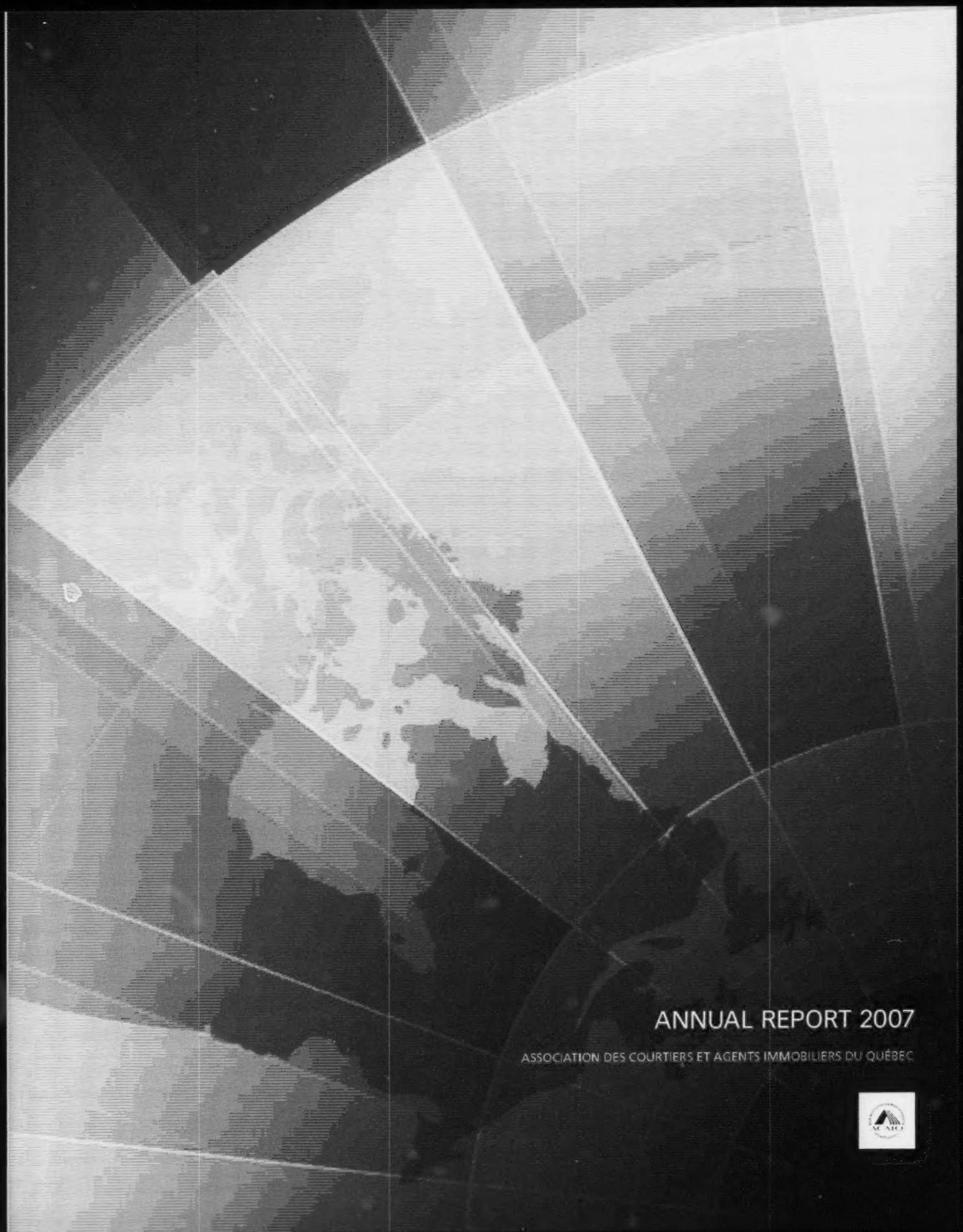

ANNUAL REPORT 2007

ASSOCIATION DES COURTIERS ET AGENTS IMMOBILIERS DU QUÉBEC

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BOARD MEMBERS

Elected Chairman

Christiane St-Jean

Elected Directors

Robert Aubin	Western Québec
Georges Bardagi	Montréal
Diane Bourbonnière	Montréal
Raymond Desbiens	Eastern Québec
Richard Dion	Québec
David Farber	Montréal
Daniel Pelchat (Treasurer)	Central Québec
Johanne Roy	Montréal

Directors appointed by the government

Louise Clément
Jean Mathieu (Vice-Chairman)

President and Chief Executive Officer of the ACAIQ

Robert Nadeau

Secretary of the ACAIQ

Claude Barsalou

MISSION

The Association des courtiers et agents immobiliers du Québec is responsible for overseeing real estate brokerage in Québec.

In accordance with the Real Estate Brokerage Act, its mission is to protect the public by supervising the professional activities of all Québec real estate brokers and agents.

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Mr. Richard Boivin
Assistant Deputy Minister
Policies regarding Financial Institutions and Legal persons
Department of Finance
Government of Québec

Québec

Dear Mr. Boivin:

We are pleased to submit the Annual Report of the Association des courtiers et agents immobiliers du Québec for the fiscal year ended December 31, 2007.

Yours very truly,

Christiane St-Jean
Chartered Real Estate Agent
Chairman of the Board

Mrs. Monique Jérôme-Forget
Minister of Finance,
Minister of Government Services,
Minister responsible for Government Administration
Chair of the Conseil du trésor
Government of Québec

Québec

Dear Mrs. Jérôme-Forget:

Allow us to present the Annual Report of the Association des courtiers et agents immobiliers du Québec for the fiscal year ended December 31, 2007.

Yours sincerely,

Richard Boivin
Assistant Deputy Minister
Policies regarding Financial Institutions and Legal persons

Mr. Michel Bissonnet
President of the National Assembly
Government of Québec

Québec

Mr. President:

I have the honour of submitting the Annual Report of the Association des courtiers et agents immobiliers du Québec for the fiscal year ended December 31, 2007.

Respectfully yours,

Monique Jérôme-Forget
Minister of Finance,
Minister responsible for Government Administration
Chair of the Conseil du trésor

CHAIRMAN'S MESSAGE

Dear members,

First, I would like to thank you for the trust you have placed in me. As I begin this first term as Chairman of our Board of Directors, I am full of hope and determination. Be assured that I will do my very best to carry out this mandate. It is with great pleasure therefore that I write to you in this first Annual Report.

Seventeen years have gone by since the ACAIQ was created. This means our organization is still relatively young, and its contribution to the oversight of professional practice, to the protection and education of the public, and to training has changed the way we work. The enactment of Bill 73, the much-anticipated new Real Estate Brokerage Act, will bring us into what I dare to call our professional adulthood, heralding a new era for real estate brokerage in Québec.

Before the early nineties, our profession was somewhat in the dark. Legislative changes made at the time, leading to the creation of the ACAIQ, gave us solid rules regarding our respect for each other and for our clients, leading to a reorganization of most aspects of our work, including in the area of documentation, information verification and our obligation to advise. The ACAIQ has become a place to meet, exchange and validate our professional actions. Standards of professionalism are being implemented and are evolving, as they have done for a long time now in more traditional, well-established professions.

Like you, I was quite familiar with the Association prior to being elected a Chairman in the spring of 2007. I was around when it was created, I have used its services, I have drawn on the advice of its staff on many occasions, and I also sat on the Professional Inspection Committee from 1999 to 2007. My new role is providing me with a better understanding of the various facets of our organization's mission and the key role we play with the public, our clients and the members of our profession. The ACAIQ does everything it can to support the professional life of real estate brokers and agents and ensure that sellers, buyers, lessors and lessees of real estate properties who use our services find quality, benefits and added value. ◘

The new generation
Other days, other ways

Real estate brokerage today attracts educated, dynamic and passionate young people who choose real estate as their first career. It is the profession of tomorrow, one that can adequately meet the needs and expectations of a clientele preoccupied with security and protection. The bill for the new *Real Estate Brokerage Act*, tabled on December 18, 2007, will ensure that the legislative framework is in step with this new reality, with who we are and what we do. The Association, now a young adult, will be in full possession of its faculties and the same will apply to the new generation, which will be better equipped to win the hearts and minds of a much savvier clientele.

Training, the foundation of our profession

The cornerstone of our professional future, the new training and preparation model for new candidates, on which we have been working for some time, will help us ensure the perenniality of our profession. Tomorrow's agents will be better prepared and better informed, which will result in eliminating that "high turnover rate" that is harmful to our credibility as a professional body. Remaining in our profession for only a few months after spending time and resources is a huge and costly problem that harms everyone's reputation. A basic training program modeled after and adapted to our reality will be our guarantee of excellence and the key to gaining public trust.

In the same vein, we must step up our efforts in the area of continuing education. Making it morally mandatory in the heads and minds of each one of us will be beneficial to all, both members of the profession and consumers. Practitioners who make the effort to improve themselves will be ensuring their future success.

We must redefine ourselves

Selling real estate is unlike selling anything else. We have the power to get people to invest and get into debt for years and years. This requires rules, supervision and, especially, behaviours based on moral values, a set of life rules where respect, mutual aid and collaboration reign.

In order to prepare for the future, a real estate broker must return to his true role as agency head. He must show leadership, competence, technical skills and a motivation and passion that he will pass on to his colleagues, the members of his organization and all those who take an interest in or would like to enter our profession. This true agency head is much more than a renter of square footage or of certificates. He must train and supervise his team, make sure the services offered to the public are first-rate, and meet established standards.

The real estate agent must also redefine himself, beyond the simple change in professional title announced in the new bill. He must learn to respond to a demanding and volatile clientele. He must also find a way to convince these clients that the purchase or sale of an immovable goes well beyond a simple database available on the Internet; as if this tool, now available to one and all, automatically turns the individual using it into a qualified expert or specialist. The most worrisome misstatement in this regard was recently seen in a slogan put out by one of those online services, with a barrage of signs proclaiming to the consumer, with some success: *You are the Agent!*

This is the challenge facing the real estate agent, i.e. to make sure that no one takes his place. He must master all aspects – legal, financial or promotional – of the transaction process, whether simple or complex, and project this mastery to his clients.

The difference

The agent must take back his value and learn to sell and promote it. He is selling his skills, know-how, abilities and qualities. He must do it with consistency and perseverance, as well as with creativity, using diverse and original methods.

The agent must find and show his difference, the uniqueness of his contribution. This is what today's consumer is looking for. When a client chooses not to use our services and to carry out a transaction without an intermediary, it is because he has not seen this unique, original value.

"Together, let us dare to want, dare to do and dare to make a difference."

We must dare to be different. The broker must be different in the eyes of the agents working in his agency. He must act as a role model, a leader, a source of inspiration and of security in case of unforeseen events or difficulties. The same must be true of the agent in the eyes of his clients. They must see in him that original force which they seek.

The real estate brokerage professional has everything to gain by finding and asserting this difference. He must offer an added value in a real estate transaction.

The work of the Board, the committees and the secretariat

Major strategic challenges await our organization in the coming months. The first is the legislative and regulatory framework, of which we now know the scope.

The second challenge concerns the ethics and values that guide our work: it is the challenge of collaboration and know-how. No real estate agent, from the moment he puts an immovable on the market, can claim to be working alone in order to give satisfaction to his client. He needs the contribution and collaboration of others, and he needs that vast network made available to the public and in which the public puts its trust. Disregarding, circumventing or violating this principle of collaboration and exchange results in undermining the credibility of the profession and one of the most significant benefits of real estate brokerage for the consumer: the efficiency created by the pooling of our efforts, skills and expertise. No other profession can claim this type of dynamic force.

The third challenge is the preparation, training and competence of those practicing real estate brokerage. The revision of training models and programs will allow us to meet this challenge. It is also a must for gaining the public's trust.

The last – but not least – challenge facing the ACAIQ is funding. We will have to support changes brought about by the new legislative framework, including new tools for developing and maintaining skills. We will also need to find new sources of funding, other than the traditional fees that certificate holders must pay each year and which tend to be seen more as a tax than as an investment in the public's trust and the development of our profession.

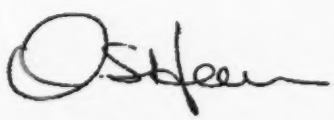
Thank you for getting involved

We could not carry out the ACAIQ's mission and meet these challenges without the help of all those who take part in the many committees and work groups. These people contribute by sharing their time, their ideas and their valuable advice. The instructions, products, services, training and information we disseminate on our professional practices are validated by brokers and agents who participate in our organization's efforts. Without them and their commitment, none of this would be possible. Thank you to all of you.

Together the ACAIQ Board of Directors, the committees and staff form a solid, dedicated team that, as a group, is interested in and devoted to our profession and its future. More than anything, this team meets the real estate brokerage needs of our clientele. I extend my most sincere and heartfelt thanks to all the members of this great and wonderful team, its leaders and managers, especially the President and Chief Executive Officer, Robert Nadeau, his collaborators and all those who contribute to the success of our organization and our profession. We are all links in the big chain of real estate.

To our members, a special word of thanks for being part of our profession's evolution. Thank you for being one of those essential links. We are a profession of the heart.

Together, let us dare to want, dare to do and dare to make a difference. ■



Christiane St-Jean
Chairman of the Board

HIGHLIGHTS

LEGISLATIVE AFFAIRS

Tabling of bill 73 to replace the current *Real Estate Brokerage Act*

REAL ESTATE BROKERS AND AGENTS

as at January 1	2008	2007
	16,363	15,732

STATEMENT OF INCOME

	2007	2006
Revenues	$ 11,585,801	$ 10,497,643
Expenses	$ 10,463,883	$ 10,299,801

REQUESTS FOR INFORMATION TO INFO ACAIQ

	2007	2006
	36,000	30,000

REQUESTS TO THE ASSISTANCE SERVICE

	2007	2006
	2,272	2,147

INVESTIGATIONS BY THE OFFICE OF THE SYNDIC

	2007	2006
Investigations opened	270	317
Investigations completed	334	282

CERTIFICATES REVOKED/SUSPENDED BY THE DISCIPLINE COMMITTEE

	2007	2006
	45	60

BROKERS INSPECTED BY THE PROFESSIONAL INSPECTION DEPARTMENT

	2007	2006
	362	311

APPLICATIONS REVIEWED BY THE COMMITTEE ON CRIMINAL OFFENCES

	2007	2006
Applications submitted	47	71
Applications denied	6	9

ILLEGAL REAL ESTATE BROKERAGE ACTIVITIES

	2007	2006
Requests received	207	104

REPORT FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

The highlight of this past year has without a doubt been the tabling in the National Assembly of Bill 73, intended to replace the current Real Estate Brokerage Act, by Monique Jérôme-Forget, Minister of Finance, Minister of Government Services, Minister responsible for Government Administration and Chair of the Conseil du trésor.

This Bill contains a great majority of the changes requested by the ACAIQ, and it recognizes the principle of a single professional title, i.e. real estate broker, and the full accountability of people carrying out brokerage acts. These acts shall be restricted to natural persons, and only they will be allowed to hold a broker's permit, the notion of permit replacing that of certificate. The real estate broker will be able to work within a real estate agency, which itself will be the holder of a permit issued by the regulatory body. The real estate broker and the agency will have a joint responsibility to the public, which will thereby enjoy increased protection. It should also be noted that the Bill creates a separate permit for mortgage brokerage.

This new legislation includes an entire set of measures that will impact the operation and workings of the ACAIQ, beginning with its name. Once the Bill is passed, the ACAIQ will become the *Organisme d'autoréglementation du courtage immobilier du Québec*. The Assistance Service created a few years ago will receive legislative recognition and – this is the novelty – an arbitration mechanism will be put in place to settle disputes between brokers and their clients. Changes will also be made to the Fonds d'indemnisation du courtage immobilier and the Fonds d'assurance responsabilité professionnelle de l'ACAIQ to harmonize their operations with those of the regulatory body. ◘

The province of Québec will become the second jurisdiction in North America, after Colorado a few years ago, to establish the principle of a single permit category, that of real estate broker. The adoption of the Bill, which will likely occur in 2008, and ensuing regulations, will conclude more than a decade of consultation and representation efforts to create a legislative framework adapted to the realities and conditions of today's market.

When we talk about the new realities in which real estate brokers and agents are required to work today, we refer of course to information technologies, which are constantly transforming the way we do things. We also mean the numerous demographic changes that must be anticipated and the economy's multiple fits and starts. Environmental issues are another reality to which brokers and agents must adapt. The desire to live in a healthy home and to respect the environment are considerations that increasingly come into play in the sale or purchase of a property. The public is now paying special attention to issues such as pyrite, iron ochre, blue algae, radon, mould, electromagnetic fields, energy costs and contaminations of all kinds. Brokers and agents must pay attention as well.

Directions and challenges

The ACAIQ reviewed its strategic plan at the beginning of 2007. The first objective consists in ensuring that real estate brokers and agents are able to better serve their clients. In light of the ACAIQ's public protection mission, this statement traces a clear path to the means of achieving this objective, i.e. by developing the professional skills of brokers and agents and promoting the advantages and benefits that consumers receive by using their services.

This is how the ACAIQ came to propose a new way for the field of real estate brokerage to go about preparing and training candidates to the profession. This initiative led to a consensus by CEGEPs and private colleges for the creation of a new curriculum. The curriculum will place more emphasis on learning the tasks that brokers and agents must carry out and on the skills required to do so. It will significantly modernize the teaching of real estate brokerage.

In support of these efforts, the Association has begun preparing guides on the competency requirements of real estate brokerage. These guides will be developed for residential real estate as well as for commercial and mortgage brokerage. In order to get a real estate broker's permit, candidates to the profession will be required to learn competencies during their training and master them sufficiently to pass an examination administered by the regulatory body. The guides, which are based on a practical approach using techniques such as simulations, will be used not only to prepare future brokers for their examination, but also to update the knowledge of brokers already active in the field.

This reform of basic training programs brings us to a crossroads. In one direction lies the traditional way, where the agent was often seen as a salesperson. The other direction is the one we will be taking, where the agent will be considered as a consultant.

Real estate brokerage and public affairs

The ACAIQ is unquestionably the first reference when it comes to professional practices in the field of real estate brokerage. It is also a reference in economic matters, just like it has become a social player that cannot be ignored. Through all its prevention and information activities, the ACAIQ is making a positive contribution to enhancing the role of broker and agent as perceived by the public. The instructions and tools developed in the area of professional practices not only help achieve this enhancement, they are the very foundation. The same goes for its public interventions and regular collaboration with the media. In that area alone, the ACAIQ, through its spokesperson, has given close to 90 interviews to journalists and researchers for newspapers, magazines, radio stations and television networks. The interviews covered a multitude of topics related to the sale and purchase of properties, presenting the various facets of the real estate agent's work. Many topics were covered, including legal warranties, leasing rules, economic or current affairs, promises to purchase (cancellation and waiting periods), protection available in case of professional fault, etc.

The ACAIQ is showing initiative and innovation by researching and developing new tools, providing relevant solutions and proposing new practices. For instance it regularly publishes and revises forms, both in traditional and electronic format. It also issues a Book of Standard Clauses, to which new clauses are regularly added. The acaiq.com website, the INFO ACAIQ publication and the InfoLetter we email weekly to real estate brokers and agents ensure our presence in

the real estate brokerage community and beyond. All these activities, including the new professional practices guides which are in the works, are strategic tools for the ACAIQ, helping support the credibility of our profession in the eyes of the public.

The same goes for the Info ACAIQ telephone information centre, which received 36,000 calls last year, a sharp increase from 2006. The highest increase recorded, however, was in the number of calls from real estate brokers and agents, which clearly indicates the need for information and continuing education and the concern of many for making the necessary verifications to ensure that the various circumstances they encounter in their daily practice are properly handled.

Continuing education

The number of continuing education activities and of participants increased significantly in 2007. In total, close to 2,000 activities have been held overall for 54,000 participants since the ACAIQ has been offering this type of activity.

For a little over seven years, the ACAIQ has consistently stood out in the area of continuing education by developing workshops and seminars using new approaches and presenting them through various means, including by collaborating with real estate boards and many brokerage firms. In 2007, it innovated by introducing education activities using case studies and simulations, based on exchanges and experience sharing between participants.

These new hands-on workshops – the first being on the advanced drafting of contracts – have been developed using the same approach as will be used to develop the examinations to obtain the permit. Current knowledge acquisition and skill development methods are about to change. The foundation has been laid.

Last year, we also revamped the formula used for the ACAIQ's annual convention, which was held at Mont-Tremblant. With a lower fee and over 700 participants, the conferences, workshops, round tables, exhibitors and activities surrounding the presentation of the *Québec Real Estate Brokerage Award* helped make this event a highlight on the real estate brokerage events calendar. ◘

CONTINUING EDUCATION – 2000 TO 2007

	Activities	Participants
2000	74	2,720
2001	150	5,714
2002	203	8,500
2003	309	9,903
2004	350	8,929
2005	312	10,244
2006	281	7,839
2007	314	9,737

BREAKDOWN OF THE REAL ESTATE BROKERS AND AGENTS
(AS AT JANUARY 1)

By certificate category

	2008	2007
Chartered agent	2,572	2,406
Affiliated agent	12,053	11,633
Chartered broker	1,677	1,627
Affiliated broker	61	66
Total	16,363	15,732

By sex and average age *

Men (average age: 49)	8,751	8,393
Women (average age: 48)	6,370	6,148
Total	15,121	14,541

*Natural persons only

MANDATORY EXAMINATIONS – 2007

	Affiliated agents	Chartered brokers and agents
Number of examinations	2,647	334
Number of successes	2,246	272
Success rate	84,85%	81,44%
Failure rate	15,15%	18,56%
Average grade	76,20%	74,40%

CERTIFICATE MANAGEMENT

	Activities / Brokers' certificates			Activities / Agents' certificates		
	2008	2007	2006	2008	2007	2006
Renewals on January 1	1,669	1,627	1,575	14,659	14,105	13,294
Issuances		207	188		3,245	3,581
Reclassifications						
Chartered broker > Chartered agent		26	24		26	24
Chartered agent > Chartered broker		38	33		38	33
Affiliated agent > Chartered agent		-	-		241	210
Reinstatements		6	6		2,264	1,921
Suspensions		39	50		3,730	3,507
Expirations		120	119		2,476	2,736
Cancellations		42	21		18	21
Relinquishments		11	0		168	9

Certification and membership register

As of January 1, 2008, the ACAIQ numbered 16,363 brokers and agents, including 1,677 chartered real estate brokers. This represents an increase of 631 members over the previous year, including 50 brokers. On a regional basis, two thirds of certificate holders are located in the Greater Montreal area. Some 2,981 candidates wrote the certificate examinations, a figure slightly below that of 2006, when they numbered 3,122. The success rate of candidates for the agent's certificate remained around 85%, and improved slightly for candidates for the broker's certificate.

BREAKDOWN OF THE REAL ESTATE BROKERS AND AGENTS (AS AT JANUARY 1, 2008)

BY REGION	Brokers	Agents	Total
Montréal region			
Montréal (06)	590	5,455	6,045
Laval (13)	105	1,646	1,751
Montérégie (16)	334	2,859	3,193
Sub-total	1,029	9,960	10,989
Québec City region			
Québec (03)	181	1,150	1,331
Chaudière-Appalaches (12)	33	156	189
Sub-total	214	1,306	1,520
Eastern region			
Bas-Saint-Laurent (01)	12	117	129
Saguenay-Lac-Saint-Jean (02)	16	212	228
North Shore (09)	6	41	47
Northern Québec (10)	1	2	3
Gaspésie-Îles-de-la-Madeleine (11)	5	16	21
Sub-total	40	388	428
Central region			
Mauricie-Bois-Francs (04)	49	341	390
Eastern Townships (05)	68	328	396
Lanaudière (14)	60	605	665
Sub-total	177	1,274	1,451
Western region			
Outaouais (07)	53	534	587
Abitibi-Témiscamingue (08)	9	50	59
Laurentians (15)	155	1,174	1,329
Sub-total	217	1,758	1,975
Total	**1,677**	**14,686**	**16,363**

Note: The numbers in brackets indicate the numbers of Québec's Administrative Regions

BY FRANCHISER	Brokers	Agents	Total
Century 21	30	882	912
Colliers International (Québec) Inc.	3	26	29
Exit	18	133	151
Groupe Sutton	64	2,480	2,544
Hypotheca Courtier hypothécaire	6	144	150
La Capitale	77	1,378	1,455
Le Permanent	2	8	10
Multi-Prêts Hypothèques	6	417	423
RE/MAX	210	3,391	3,601
Royal LePage	81	1,837	1,918
Trans-Action	1	3	4
Sub-total	483	10,112	10,595
Independents	1,179	3,987	5,166
Total	**1,677**	**14,686**	**16,363**

Note: A franchiser is a company that grants at least one franchised chartered real estate broker the right to use its brand and operate its system based on the terms and conditions set out in the franchise contract.

The fight against illegal brokerage activities

In 2007, we opened a total of 207 files following denunciations of potential cases of illegal brokerage, regarding the sale and purchase of immovables as well as in the areas of leasing and mortgage brokerage. We obtained 13 guilty pleas and 31 guilty verdicts. We also obtained a Superior Court judgement of contempt of court in the case of an offender against whom we had already sought an interlocutory injunction for illegal brokerage activities.

ACTIVITIES RELATED TO ILLEGAL BROKERAGE ACTIVITIES

Files carried over from previous years	157
Files opened between January 1 and December 31, 2007	207
Total	364
Denunciations rejected prior to opening of file	17

Government inspection

The Government of Québec is responsible for ensuring that the ACAIQ adequately fulfills its role and effectively discharges its mission of protecting the public. The Registraire des entreprises du Québec, which had supervisory powers over the ACAIQ until the beginning of 2007, conducted an inspection of the ACAIQ by examining various aspects of its operations, including management and governance, planning, communications, and risk management. This inspection was conducted using a reference framework known as *COSO – Enterprise Risk Management – Integrated Framework*, which management specialists can apply to any type of organization, private or public. This inspection also enabled the government to follow-up on recommendations it had made in the course of the previous inspection, in 1997.

The Registraire's report, based on an examination of the ACAIQ's activities for 2006, concluded overall that the management of the ACAIQ has the organization's mission under control. The report noted a high level of performance in the areas of control and communications. The observations and recommendations contained in the report — made with a view to optimizing the organization's performance — were taken into account in our strategic planning in order to ensure their implementation.

The financial aspects

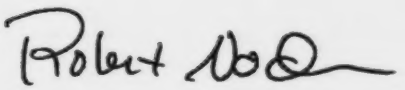
The ACAIQ's balance sheet at the end of 2007 reflects sound financial management. There is a surplus and the non-capitalized reserve has increased. The situation is continuing to improve from year to year, thanks to a booming real estate market and an increase in the number of real estate brokers and agents, since practice fees represent our main source of funding.

Despite these positive results, we must ensure that the ACAIQ has the necessary resources to survive and continue fulfilling its mission and achieving its objectives. This is our strategic challenge. The coming years will be marked by major changes brought about by the new legislative and regulatory framework as well as shifts in the real estate market, in turn dependent upon financial markets, employment and consumer confidence. Given these circumstances, the ACAIQ must act more proactively than ever in finding new models for funding, as it has done in the area of education and skills development. It is vital that we meet this challenge if we want to continue to adequately protect and meet the expectations of the public.

The Board of Directors oversees the organizations' main directions and orientations. It defines our strategic goals and embodies the vision that we must embrace to carry out our public protection mission. In the history of the ACAIQ, 2007 marks the very first year where we elected a Chairman of the Board, in the person of Mrs. Christiane St-Jean. This change in leadership brings new blood to the Board's work and to the work of the management and staff of the ACAIQ, now numbering about a hundred, who ensure the smooth flow of our operations.

In ending, I would like to thank all those who, by contributing their energy, their listening skills, their ideas and their time, help give the ACAIQ its strength and unique character. The accomplishments of 2007 would not have been possible without their input. I also thank them for their cooperation throughout the year. I would like to extend special thanks to Me Claude Barsalou, Executive Vice President and Secretary of the ACAIQ, who has been working alongside me for 18 years, to Mr. Vo-Long Truong, Vice President, Finance, who has managed our financial affairs during the same period, and Me Claudie Tremblay, who until June 2007 was Vice President, Legal Affairs and decided to take up the challenge of Vice President, Certification and Professional Inspection following the departure of Mrs. Céline Martineau, whom I also thank for her many years of dedication to our organization. I thank Me Jean-François Savoie, long-time Director of Civil and Penal Affairs, who has skilfully taken over the position of Vice President, Legal Affairs. I am very proud as well to have the privilege of working with Me Hélène Morand, Syndic, who also acts as Vice President of the Assistance Service, and whose activity report can be found in these pages. And finally, in October 2007 this wonderful management team welcomed Mrs. Caroline Boisvert as Vice President, Corporate and Professional Development. Mrs. Boisvert was previously the Director of our Education Department, where she did a colossal job.

All ACAIQ employees are professionals and, as such, embrace the ACAIQ's values of respect, integrity, accuracy, loyalty and professionalism. ■



Robert Nadeau
President and Chief Executive Officer

ACTIVITIES RELATED TO ILLEGAL BROKERAGE ACTIVITIES (CONT'D)

Files closed in 2007

Reasons for closure	
Absence of or insufficient evidence (and/or prescription)	63
Insufficient evidence and commitment	0
Insufficient evidence and certificate issued	0
Advertising only	2
Owner of immovable or lessee	7
Exception to section 2 of REBA	3
Guilty plea	13
Judgment (guilty verdict)	31
Judgment (acquittal)	0
Other	55
Total	**174**

Active files as at December 31, 2007

Status of pending cases	
Under investigation	135
Awaiting trial (Court of Québec)	33
Under appeal	0
Awaiting judgment or appeals deadline	5
Total	**173**

REPORTS ON INVESTIGATIONS UNDER OR AWAITING REVIEW BY PROSECUTORS

As at December 31	2007	2006
	28	28

NUMBER OF COMPLAINTS FILED

As at December 31	2007	2006
	97	91

CASES CLOSED AFTER REVIEW BY PROSECUTORS (NO COMPLAINT)

As at December 31	2007	2006
	1	12

Hélène Morand

"Quality of professional actions and protection of the public"

REPORT FROM THE OFFICE OF THE SYNDIC

The Office of the Syndic ended the year 2007 with 248 cases under investigation or pending review by prosecutors, compared with 312 at the close of the previous year. This major 20% decrease is partly due to shorter waiting periods between the time a request is received and the time the case is reviewed. The average waiting period is now about three months, down from six. This significant improvement is due to several factors, including a drop in the number of cases considered to be very heavy and requiring several months to be processed. These heavy cases were usually linked to criminal activities, such as the sale of properties having been used to grow marijuana or mortgage fraud. In recent years, we investigated an average of 100 cases of this type each year. This number was reduced by about half during 2007, thus freeing up resources for cases that could be resolved more quickly. These positive results are also due to a series of administrative measures taken last year and to the additional resources allocated by the Board of Directors, and from which the Office of the Syndic will continue to benefit in the coming year.

The number of complaints filed with the Discipline Committee has remained relatively stable at 97 in 2007 versus 91 in 2006.

We also note that the total number of cases remained essentially the same. Several dealt with collaboration problems between real estate agents. This happens, for instance, when a real estate agent fails to inform the seller of the existence of a promise to purchase in order to give preference to another promise to purchase which he himself intends to present on behalf of his own buying client. A good number of investigations also involved cases of alleged bad service or cases where problems that might have prevented the performance of a transaction were concealed. The Office of the Syndic also encountered many situations where a real estate agent buying for himself omitted to disclose his quality as real estate agent to the seller or did not terminate the brokerage contract before buying. ■

NVESTIGATIONS INVOLVING ACAIQ MEMBERS

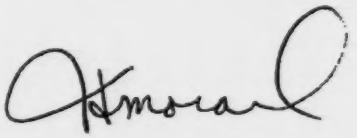
	Investigations opened during the month		Investigations completed during the month		Under investigation / pending	
	2007	2006	2007	2006	2007	2006
January	9	3	28	8	293	272
February	22	29	28	25	287	276
March	11	9	32	9	266	276
April	32	54	23	25	275	305
May	28	35	35	19	268	321
June	25	29	44	31	249	319
July	25	35	27	31	247	323
August	3	32	22	17	228	339
September	18	29	15	22	231	347
October	52	29	32	31	251	343
November	26	11	31	23	246	331
December	19	22	17	41	248	312
Total	270	317	334	282		

The Assistance Service

The Assistance Service for its part received 2,272 requests during the year. This number is very high, especially since numbers continue to escalate every year, having increased between 17% and 20% each year since the inception of the service in 2003. Given this situation, we made an in-depth review to determine the nature of the requests and gauge the relevance of our interventions. This is what we found: a good portion of requests for assistance involve disputes between real estate agents and requests for business plan or advertising program approvals. We even identified habitual requesters, who have gotten into the habit of systematically sending us numerous requests.

In light of these findings, we decided to require, starting on November 1, 2007, that all requests emanating from agents be signed by the manager of their establishment. It was also decided that the Assistance Service will no longer handle requests for advertising and business plan approvals. However, in order to ensure that brokers and agents have access to all the necessary information, an advertising guide was produced and made available. We also developed a new conference on this topic.

These measures were taken to staunch the considerable flow of requests for assistance as well as in an effort to reinstate the initial objective of the Assistance Service, which is to provide quick service to the various stakeholders. ■



Hélène Morand
Syndic

OFFICE OF THE SYNDIC TEAM

Giovanni Castiglia
Assistant Syndic and Advisor

Robert Deschamps
Assistant Syndic

Yves Gardner
Assistant Syndic

Réjean Lebel
Assistant Syndic

François Pigeon
Assistant Syndic and Advisor

Julie Pinet
Investigator

ASSISTANCE SERVICE TEAM

Lina Antinozzi
Analyst

Gaétan Cyr
Analyst

Richard Frigon
Analyst

Cathy Galanopoulos
Analyst

Ginette Grégoire
Analyst

Pascale Montpetit
Analyst

Paul Robitaille
Analyst

MAKE-UP OF THE DISCIPLINE COMMITTEE

For the year 2007, the Discipline Committee of the Association des courtiers et agents immobiliers du Québec was made up of the following members.

Members

Albert, Darlene
Ariëns, Imelda
Barrette, Renée
Beauregard, Pierre
Bédard, Réal
Belley, Louise
Bissonnette, Suzanne
Bolduc, Daniel
Bolduc, Danielle
Bureau, Denis
Cayer, Louis
Charron, Claude
Cholette, Ginette
Chopra, Raman
Ciocca, Salvatore
Corbeil, Jean-Marc
Couturier, Roger
Daoust, Robert
De Langavant, Laura-Nancy
Dufresne, Yvan
Dufresne, Yves
Dupras, Marie-Andrée
Fecteau, Luce
Forlini, Nancy
Gagnon, Antoine
Gagnon, Micheline
Gagnon, Normand
Gaspard, Jean-Pierre
Gaulin, Patricia
Giroux Laveau, Lana
Goulet, Christian
Hardacker, Lois
Havard Grisé, Suzanne
Jacques, Sylvie
Jones, Stewart
Lamirande, Mario
Langelier, Michèle
Lavigne, Danielle
Lecompte, Éloi
Léger, Éric
Lemaire, Frantz
Leroux, Robert
Liboiron, Michel
Longo, Vito
Mailloux, Luc
Mammarella, Domenico
Marchand, Denyse
Merrien, Thierry
Morrow, René
Paquette, Brigitte
Paquette, Rolland G.
Paquin, Michel
Racine, Normand
Roy, Louise
Ruiz, Carlos
Stathakis, Georgios
Tassone, Vittoria
Thibault, Renaud
Thibault, Sylvain
Villiet, François

Secretary

Chantal Peltier

Chairman

Me Patrick Choquette

Substitute Chairman

Me Gilles Duchesne

M. Patrick Choquette

REPORT FROM THE DISCIPLINE COMMITTEE

The Discipline Committee is a tribunal constituted pursuant to the Real Estate Brokerage Act. Fully autonomous and independent form the Board of Directors and staff of the Association, the Discipline Committee reviews all complaints made against members of the ACAIQ for violations of the provisions of the Act and the regulations thereunder.

Each complaint is reviewed by a committee comprised of three members, including two members of the profession and the Chairman or Substitute Chairman. The latter are lawyers appointed by the government, while the two members of the profession are part of a group of about 60 real estate brokers or agents appointed by the Board of Directors to sit on the Discipline Committee for three-year terms. The secretary of the Committee is also appointed by the Board of Directors.

The Discipline Committee is governed primarily by the provisions of the *Professional Code*. Some Committee decisions may be appealed in accordance with the terms and conditions of the Code and the Act.

In analyzing the decisions handed down by the Discipline Committee, one should keep in mind that several cases are now resolved by the Assistance Service. Consequently, the Discipline Committee is less often required to deal with violations of a technical or less serious nature. ■

Discipline Committee complaints, hearings and decisions (Tables I and II)

(January 1 to December 31, 2007)

As at December 31, 2007, 98 complaints had been filed before the Discipline Committee, including 97 brought by the Office of the Syndic of the Association.

The Committee held 7 hearings on temporary revocation, 71 hearings on guilt and 65 hearings on penalties. Adjournments were granted 52 times.

By year's end, the Committee had rendered 2 decisions on temporary revocation, 45 decisions on guilt, 36 decisions on penalties and 45 decisions on both guilt and penalties following a guilty plea. At year's close, 5 non-guilty decisions, 11 decisions on guilt and 5 decisions on penalties were under deliberation. In addition, 2 complaint withdrawals were authorized.

TABLE I

Number of cases

	2007	2006
Current as at January 1	92	101
Filed during the period	98	92
	190	**193**
Less		
Decisions rendered on penalties	81	98
Acquittals	5	2
Withdrawals/terminations of proceedings	2	1
Cases pending as at December 31	**102**	**92**

TABLE II

Hearings – Postponements – Decisions

	2007	2006
Hearings held		
On temporary revocation	7	16
On guilt	71	81
On penalties	65	95
Postponements granted		
Before the hearing	52	46
Decisions		
Under deliberation on temporary revocation	0	0
Under deliberation on guilt	11	13
Under deliberation on penalties	5	19
Rendered on temporary revocation	2	7
Rendered on guilt	45	41
Rendered on penalties	36	42
Rendered on guilty plea	45	57

Penalties (Tables III and IV)

The penalties that the Discipline Committee may impose range from reprimand to a temporary or permanent revocation of the right to practice professional activities. The Discipline Committee may also impose fines between $600 and $6,000 per accusation count (according to the legislation in force in 2007).

The Committee issued 19 reprimands and imposed 57 fines totalling $176,800. Generally speaking, the payment of costs is ordered each time a guilty decision is rendered. In addition, there were 20 cases where the Committee recommended that the Board of Directors require a member to take courses and pass the corresponding exams. In 28 cases, it recommended that the member attend a continuing education course. In 6 cases, it ordered restrictions on the right to practice, and in 2 others cases, it issued other types of orders. There were also 45 cases of certificate suspension / cancellation for periods ranging from 15 days to permanent revocation.

The Discipline Committee determines penalties taking into account the protection of the public and the professional's right to earn a living.

In 2007, a total of 48 notices of suspension issued by the Committee were published in newspapers, and 2 notices were published exclusively in Info ACAIQ and on the Association's website.

TABLE III

Penalties

	2007	2006
Penalties ordered		
Reprimands	19	18
Fines	57	70
Mandatory courses	20	20
Restrictions on right to practice	6	8
Revocations/suspensions*	45	60
Continuing education	28	23
Other orders	2	3

* Suspensions ordered by the Discipline Committee are sometimes accompanied by a fine. In addition, the Committee may suspend a defendant's certificate on several counts of the same complaint.

TABLE IV

Fines and publications

	2007	2006
Penalties		
Total fines	$ 176,800	$ 180,600
Publications in newspapers (In accordance with section 137 of the *Real Estate Brokerage Act*)		
Suspensions/revocations	48	58

Nature of charges

The accusations brought before the Discipline Committee dealt with violations to the *Rules of Professional Ethics of the ACAIQ*, the *By-law of the ACAIQ*, the *Regulation respecting the application of the Real Estate Brokerage Act* or the *Real Estate Brokerage Act* itself. It should be noted that a charge may be brought under more than one section of the Act and regulations.

Finally, I want to extend a warm thank you to the staff of the Clerk's office and the members of the Committee, and especially the Substitute Chairman, Me Gilles Duchesne, who accomplished phenomenal work during the year. ■

Me Patrick Choquette
Chairman of the Discipline Committee

PROFESSIONAL INSPECTION COMMITTEE MEMBERS

The members of the Professional Inspection Committee are appointed by the ACAIQ Board of Directors. For the year 2007, they were:

Chairman

Raymond Desbiens

Members

Laurent Bennarous

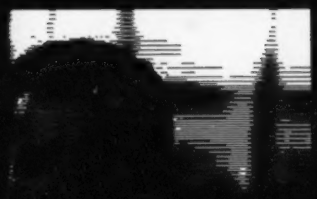
Nathalie Clément

Pierre Martel

Marc-André Pilon

Committee Secretary

Claudie Tremblay
Vice-President
Professional Inspection and Certification



Raymond Deschênes

"Prevention first and foremost"

REPORT FROM THE PROFESSIONAL INSPECTION COMMITTEE

In 2007, the Professional Inspection Committee pursued its oversight mission by continuing to focus on prevention. Professional inspection promotes sound management of brokerage offices by encouraging the use of good professional practices by both brokers and agents. In the many exchanges we had with them, including during inspection visits, the members of the profession confirmed the benefits that they receive and the validity of this approach.

The statistics (on page 27) illustrate the activities of the Professional Inspection Committee. Here are the highlights:

Inspection of brokers working primarily in commercial and mortgage brokerage

As we had planned and announced in 2006, the Professional Inspection Committee put more emphasis this year on members working in the areas of commercial and mortgage brokerage. A total of 77 commercial brokers and 40 mortgage brokers were inspected in 2007.

The application of inspection protocols developed for these sectors enabled us to make observations and recommend actions to the members inspected to help them improve their professional practices. Most of these recommendations concerned record documentation, deposit management and unauthorized compensation sharing under section 26 of REBA. ◘

Our various interventions in commercial and mortgage brokerage have shown that brokers and agents working in these sectors have a clear commitment to abide by the law and are constantly seeking practical solutions that are well adapted to and consistent with the requirements which they must follow.

We expect to reach the same inspection frequency in all activity sectors by the end of 2008.

Inspection of brokers with trust accounts

We continued our inspection of brokers with trust accounts, visiting 113 this year. These accounts are generally well managed, with most offences stemming from a lack of knowledge regarding accounting standards and regulations.

More serious offences noted during inspections were referred to the Syndic, including rare cases of misappropriation of funds or the premature withdrawal of sums held in trust.

A new continuing education activity on trust account management was also created and has been available since the fall. Brokers and agents as well as brokerage firm support staff are encouraged to attend this activity.

Maintenance of alternative inspection methods: start-up sessions and Annual Declaration

Start-up sessions

The Professional Inspection Department invited 132 new brokers to attend start-up sessions for their offices. These sessions are especially appreciated as they are in fact a first inspection in the form of a continuing education activity. It allows them to:

- review the responsibilities and obligations of the representative and the manager of an establishment;
- learn and apply effective management methods to provide better oversight of the agents' work;
- as a manager, learn to use conflict management methods in order to avoid having to resort to legal action.

Annual Declaration

All brokers completed the online Annual Declaration. However, an analysis of the responses contained in the declarations shows that statistical results do not always match the reality of the offices visited by our inspectors.

The information provided in this declaration should be just as credible as that obtained during an inspection visit. It was therefore decided that the Annual Declaration will be revised to improve reliability, further customize it and increase its usefulness. The new Annual Declaration should be ready by spring 2008.

Conflicts of interest and notices of disclosure

The Professional Inspection Department analyzed 2,727 notices of disclosure. These notices are sent to the Association by members under section 23 of the *Real Estate Brokerage Act*, or collected during inspection visits.

The Department makes sure that notices of disclosure are completed in a timely fashion, i.e. before a promise to purchase or to sell is drafted. It also makes sure that members collaborate amongst themselves to send these notices to the prospective contractive party, such as when a notice of disclosure must go through a collaborating agent representing the client who must be informed of the conflict of interest.

Conferences and continuing education activities: they are crucial to prevention and go hand in hand with professional inspection

In addition to the training session on trust account management, the Professional Inspection Department reviewed the training session on the maintenance of records and registers. Further to the Committee's recommendations, 12 brokers and their agents attended a mandatory conference on inspection follow-up. Through this, 413 agents were made better aware of the importance, among other things, of properly documenting their brokers' records.

Broker inspections	362
With a trust account	113
Residential	234
Commercial	77
Mortgage	40
Agricultural	2
Start-ups	132
Other	9
Agent reports	20
Number of brokers who have a trust account	
End of December 2005	429
End of December 2006	421
End of December 2007	389
Online Annual Declaration (brokers)	1,618
Receipt and review of notices of disclosure	
End of December 2005	1,996
End of December 2006	2,259
End of December 2007	2,727
Referred to Assistance Service	8
Information letters related to notices of disclosure	670
Commitments (attending a training session or complying with various regulatory provisions)	26

Revision of the Real Estate Brokerage Act

In the course of the year, the Committee examined the upcoming revision of the *Real Estate Brokerage Act*. For the members of the Committee, elements which must be taken into consideration in the new Act include flexibility in the requirements regarding record, book and register maintenance depending on the various activity sectors, the use of technologies and the relaxing of certain rules of internal management for brokerage offices.

The Professional Inspection Department listens to the membership: appreciation questionnaires

In 2007, we received 130 appreciation questionnaires completed by members who had undergone an inspection. Each completed questionnaire was reviewed and we are implementing concrete actions to improve our methods.

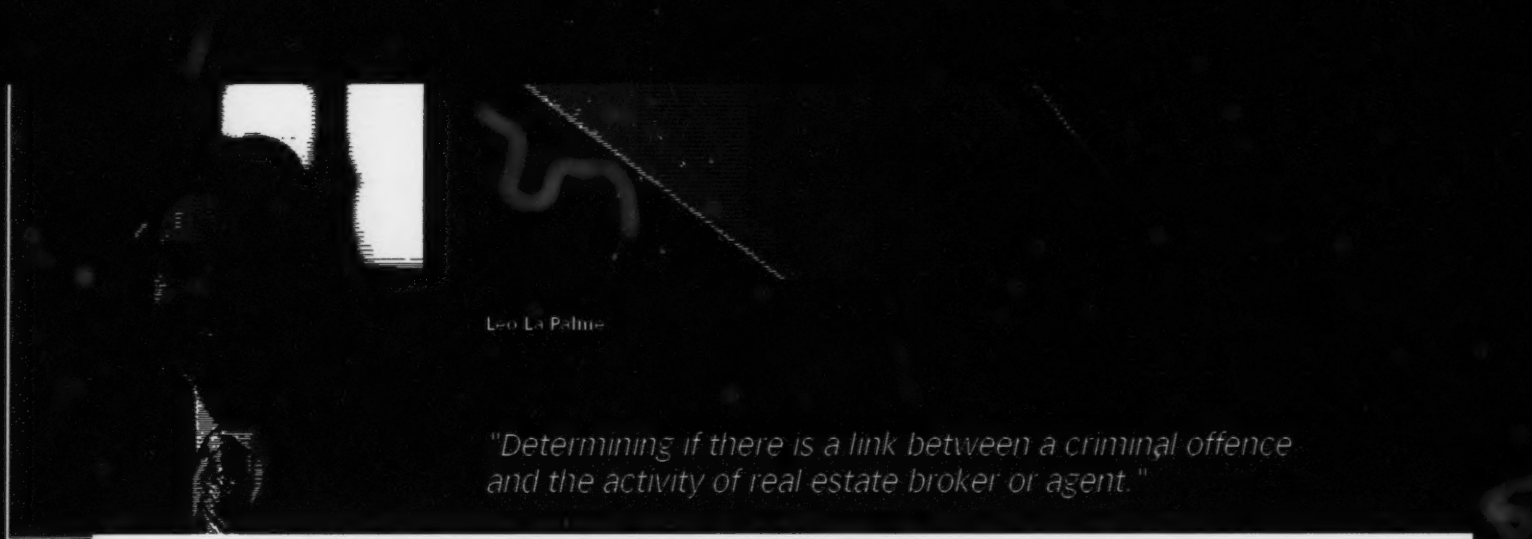
We are very proud to note that a vast majority of the comments received are positive and support both the professional inspection mission and the preventive approach used in our inspections. We encourage brokers and agents to continue sending their comments via this questionnaire.

In ending, I would like to thank the members of the Professional Inspection Committee and the Professional Inspection Department team; their efforts and dedication are key to carrying out our mission. ■

Raymond Desbiens
Chairman of the Professional Inspection Committee

REQUESTS FOR CERTIFICATE ISSUANCE AND REVIEW OF CRIMINAL OFFENCES

	2007	2006
Applications submitted	47	71
Applications denied	6	9



Léo La Palme

"Determining if there is a link between a criminal offence and the activity of real estate broker or agent."

REPORT OF THE DECISION COMMITTEE ON CRIMINAL OFFENCES

The issuance of a real estate broker's or agent's certificate is conditional upon the applicant not having been found guilty by a Canadian tribunal or pleaded guilty to a criminal offence related to the activity of real estate broker or agent in the five years prior to his application. This condition is stipulated in the Rules respecting the Application of the Real Estate Brokerage Act.

The responsibility for establishing the presence of a link lies with the Decision Committee on Criminal Offences, formed within the Association pursuant to the By-Law of the Association des courtiers et agents immobiliers du Québec. This committee, which consists of three Association members appointed by the Board of Directors, has now completed its second full year of operation.

The Committee met nine times in 2007. Of a total 47 applications for issuance or requests for advance decision on criminal offences submitted to the Committee, six were denied due to the presence of a link between the criminal offence of which the applicant was found guilty or to which he pleaded guilty, and the activity of real estate broker or agent.

The individuals whose applications were denied had committed criminal offences including:

- Cannabis production;
- Plotting to commit fraud;
- Possession of a falsifying device;
- Possession of drugs for the purpose of trafficking;
- Attempt to access child pornography;
- Theft.

Decisions are made on a case-by-case basis in order to ensure that the Committee's decisions take the specific facts of each case into account. An applicant who files a request with the Committee is always given an opportunity to share his or her observations with Committee members regarding the presence or absence of a link between the criminal offence committed and the activity of real estate broker or agent.

Finally, I wish to thank Messrs. Yvon Cousineau and Paul H. Chrétien, both members of the Committee, as well as the Association's team, for their dedication and excellent work throughout this second year of operation. ■

Léo La Palme
Chairman of the Decision Committee
on Criminal Offences

STATEMENT OF INCOME

	2007	2006
Revenues	11,585,801	10,497,643
Expenses	10,463,883	10,299,801
Excess of revenues over expenses	1,121,918	197,842

Daniel Pelchat

"Control and sound management. Challenges and imagination"

TREASURER'S REPORT

The Association's revenues for 2007 totalled $11,585,801 compared with $10,497,643 in 2006. With expenses totalling $10,463,883, fiscal year 2007 ended with an excess of revenues over expenses of $1,121,918.

Part of this 10.4% increase in revenues is due to higher revenues from certificate renewals. At the beginning of the year, some 14,105 real estate agents had renewed their certificates versus 13,294 in 2006. It is important to note that this portion of additional revenue is not due to an increase in the number of certificates issued. In fact this number has decreased slightly since 2005, suggesting a levelling off in the number of newcomers to the profession.

Revenues from the sale of supplies and services, including forms, training manuals and activities, and revenues from investments and trust account interest also contributed significantly to the increase in revenues.

Expenses remained more or less the same as last year, with a slight increase of 1.6%, which is below the inflation rate. Salaries and payroll taxes as well as fees, which represent the bulk of the expenses, remained stable. Some expenses, however, were higher. These include the cost of fighting illegal brokerage, which went up due to a significant rise in the number of cases. Increases in education expenses and in the contribution paid to the ministère des Finances are associated with the inspection of the ACAIQ and the revision work which has begun regarding basic training. ■

SUPPLEMENTARY INFORMATION (CONT'D)

for the year ended December 31, 2007

	2007	2006
CONTINUING EDUCATION SCHEDULE		
Revenues		
Education activities	**$ 141,643**	$ 119,626
Direct costs		
Salaries and employee benefits	328,426	333,063
Professional fees	161,392	83,852
Occupation	89,867	79,811
Publication	63,707	21,403
Travelling	33,559	26,498
Office expenses	10,783	2,227
Amortizations	8,853	13,359
	696,587	560,213
	$ (554,944)	$ (440,587)

HAREL DROUIN - PKF

AUDITORS' REPORT

To the members of the Association des courtiers et agents immobiliers du Québec

We have audited the balance sheet of ASSOCIATION DES COURTIERS ET AGENTS IMMOBILIERS DU QUÉBEC as at December 31, 2007 and the statements of income and of changes in net assets for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Harel Drouin - PKF

Montreal
February 15, 2008

STATEMENT OF INCOME
for the year ended December 31, 2007

	2007	2006
REVENUES		
Members fees	$ 9,214,053	$ 8,799,416
Supplies and services – Schedule	1,309,618	913,074
Investments and other income	675,837	466,845
Interests on income held in trust accounts (note 7)	386,293	318,308
	11,585,801	10,497,643
OPERATING EXPENSES		
Salaries and employee benefits	4,119,167	4,068,021
Professional fees	1,556,310	1,535,827
Attendance allowance and employee benefits	644,828	575,201
Continuing education – Schedule	554,944	440,587
Office expenses	514,191	428,612
Meeting and travelling	462,210	390,346
Contribution to the ministère des Finances du Québec (note 9)	400,000	222,076
Discipline – Schedule	396,749	357,290
Occupancy expenses	381,239	338,578
Illegal practice – Schedule	374,336	254,126
Amortizations	224,286	210,406
Fund for public information (note 7)	219,815	1,018,388
Technological conversion	216,209	238,565
Publications and public relations	190,279	198,669
Financial expenses	127,185	133,112
Elections	82,135	46,997
Professional liability insurance fund (reimbursement)	-	(157,000)
	10,463,883	10,299,801
EXCESS OF REVENUES OVER EXPENSES	$ 1,121,918	$ 197,842

Supplementary information is an integral part of the financial statements.

STATEMENT OF CHANGES IN NET ASSETS
for the year ended December 31, 2007

	Invested in capital assets	Externally restricted	Unrestricted	2007 Total	2006 Total
BALANCE, BEGINNING OF YEAR	$ 1,168,560	$ –	$ 1,623,982	$ 2,792,542	$ 2,594,700
Excess (deficiency) of revenues over expenses	(492,189)	(1,560,951)	3,175,058	1,121,918	197,842
Investments in capital assets	397,426	–	(397,426)	–	–
Externally restricted (note 7)	–	1,560,951	(1,560,951)	–	–
BALANCE, END OF YEAR	$ 1,073,797	$ –	$ 2,840,663	$ 3,914,460	$ 2,792,542

BALANCE SHEET
as at December 31, 2007

	2007	2006
ASSETS		
CURRENT ASSETS		
Cash	$ 6,733,250	4,491,040
Cash in trust accounts	283,278	67,730
Investments in GIC, 3.75% to 11.25%	4,228,095	4,885,014
Accounts receivable	475,720	675,806
Interests receivable	42,140	56,050
Supplies inventory	86,343	148,103
Prepaid expenses	395,837	200,382
	12,244,663	10,524,125
CAPITAL ASSETS (note 5)	1,173,898	1,316,709
	$ 13,418,561	$ 11,840,834
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable (note 6)	$ 2,648,967	$ 2,432,782
Deferred revenues	6,755,033	6,467,361
	9,404,000	8,900,143
DEFERRED LEASE INDUCEMENT, at amortized cost	100,101	148,149
	9,504,101	9,048,292
NET ASSETS		
INVESTED IN CAPITAL ASSETS	1,073,797	1,168,560
UNRESTRICTED	2,840,663	1,623,982
	3,914,460	2,792,542
	$ 13,418,561	$ 11,840,834

On behalf of the board

Christiane St-Jean
Chairman of the Board

Daniel Pelchat
Treasurer

NOTES TO FINANCIAL STATEMENTS
as at December 31, 2007

1. DESCRIPTION OF THE ORGANIZATION

The Association des courtiers et agents immobiliers du Québec (ACAIQ), incorporated under the Real Estate Brokerage Act (Quebec), has a primary role in ensuring the protection of the public by the enforcement of rules of professional ethics and the professional inspection of its members, in particular, by ensuring that its members pursue their activities in accordance with the Act and regulations.

It may also dispense continuing education courses to its members and award the titles referred to in Section 76 of the Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies.

Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contribution to the ministère des Finances du Québec

Contributions to the ministère des Finances du Québec are estimated based on last year's payment. Any difference with the amount effectively payable will be adjusted in the year in which the Association will be billed. The engaged expenses for the application of the Real Estate Brokerage Act (Quebec), determined every year by the government, are attributed to the Association expenses.

Investments in GIC

Investments in GIC are recorded at fair value.

Supplies inventory

The supplies inventory is valued at the lowest cost and net realizable value. Cost is determined under the first in, first out basis.

Capital assets

Capital assets are recorded at cost and are amortized on the straight line method, at the following rates:

Furniture	10 years
Office equipment	4 years
Telephone equipment	5 years
Computer equipment	3 years
Updates	1 year
Leasehold improvements	Lease term of 10 yearss

Deferred revenues

Income from annual fees is charged to the statement of income on a monthly basis over the duration of the broker certificates, which is of 12 months. In accordance with the articles 33 and 37 of the By law of the ACAIQ, they are not refundable to members and they will be applicable on the results in the next year end.

Deferred lease inducement

Deferred lease inducement represents a total of $446,175 ($446,175 in 2006) collected from the landlord as lease inducements. This income is amortized on a straight line basis over the duration of the lease, which expires in January 2010. The amortization is applied against occupancy expenses in the statement of income.

Statement of cash flows

A statement of cash flows has not been presented as it would not provide the reader with any additional useful information.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and in the notes thereto. These estimates are based on management's best knowledge of current events and actions that the Association may undertake in the future. Actual results may differ from these estimates.

3. CHANGES IN ACCOUNTING POLICIES

On January 1, 2007, the Association adopted the new accounting standards related to Section 3855 "Financial Instruments recognition and measurement", Section 3862 "Financial Instruments disclosures" and Section 3863 "Financial Instruments presentation". Figures for periods prior to January 1, 2007 were not amended.

Under this new standard, all financial assets will be classified in one of the following four categories: 1) held to maturity 2) loans and receivables 3) held for trading and 4) available for sale. Financial liabilities will have to be classified as "held for trading" or "other." Financial assets and liabilities held for trading will be valued at their fair value, and gains and losses will be recorded in net results. Held to maturity financial assets, loans and receivables, and financial liabilities classified as "other" will be recognized at amortized costusing the effective interest rate method. Available for sale financial assets will be valued at fair value, and all the unrealized gains and losses will be recorded in net assets. The new standard will enable entities to designate all financial instruments as held for trading when they are initially recognized or when this standard is adopted, even if this financial instrument does not fall within the definition of a financial instrument held for trading. Financial instruments held for trading under the fair value option must have a reliable fair value.

The fair value of financial instruments is equal to the amount at which this instrument could be traded knowingly and voluntarily between the parties involved. The fair value is based on the prices (buyer seller prices) in an active market. If this is not the case, the fair value is based on market prices prevailing for instruments with similar risk profiles or characteristics or on internal or external valuation models that use observable market data.

The Association has elected to classify its financial instruments as held for trading. Consequently, any differences in the fair value of these assets will be recorded directly in net results.

There was no difference between fair value and price for the Association. Consequently, no change had to be recorded in net results as at January 1, 2007.

4. FUTURE CHANGE IN ACCOUNTING POLICIES

In the upcoming year, the Association will apply the new recommendations of Canadian Institute of Chartered Accountants following released of Section 1535 "Capital Disclosures" and Section 3031 "Inventories". Management is unable to assess the impact these new standards will occur on its financial statements.

5. CAPITAL ASSETS

	2007			2006
	Cost	Accumulated amortization	Net book	Net book value
Furniture	$ 574,498	$ 387,542	$ 186,956	$ 200,151
Office equipment	467,190	322,437	144,753	164,695
Telephone equipment	211,390	141,626	69,764	60,930
Computer equipment	1,392,818	1,046,379	346,439	267,981
Leashold improvements	1,636,049	1,210,063	425,986	622,952
	$ 4,281,945	$ 3,108,047	$ 1,173,898	$ 1,316,709

The amortization on capital assets for the year ended December 31, 2007 amounts to $527,123 ($545,393 in 2006) and the lease inducement related to the leasehold improvements amounts to $48,048 ($48,048 in 2006). Furthermore, the Association sold certain capital assets for an amount of $13,114 (no disposal in 2006).

On the amortization of the capital assets, only $224,286 ($210,406 in 2006) is clearly presented in the statement of income. The remaining balance is included in several other groupings, which explain that it is impossible to determine it specifically in the statement of income.

6. ACCOUNTS PAYABLE

	2007	2006
Accounts payable	$ 391,620	$ 535,055
Accrued liabilities	798,967	461,176
Salaries and deductions at source	704,917	675,526
Sales taxes	753,463	761,025
	$ 2,648,967	$ 2,432,782

7. FUND FOR PUBLIC INFORMATION

The Financing fund of the Association des courtiers et agents immobiliers du Québec for public information was established by the Board of Directors of the Association in accordance with the Real Estate Brokerage Act (Quebec). The Fund consists of interests generated on income held in trust accounts, in conformity with the Act. The Fund must be used primarily for the production and release of information relating to the rights of the public in the field of real estate brokerage and subsidiarily for professional inspection of the members of the Association and, if funds are sufficient, for discipline of those members.

Interest paid to the Fund and Fund related expenses, which are included in the revenues and expenses of the Association, are as follows:

I) NET EXPENSES OF INTEREST HELD IN TRUST ACCOUNTS:

	2007	2006
Interests on income held in trust accounts	$ 386,293	$ 318,308
Salaries and employee benefits	113,056	196,413
Professional fees	67,021	144,563
Advertising	24,683	654,078
Printing	15,055	23,280
Delivery	-	54
	$ 219,815	$1,018,388
	$ 166,478	$ (700,080)

II) FUND RELATED EXPENSES INCLUDED IN THE STATEMENT OF REVENUES AND EXPENSES:

Information relating to public rights	$ 776,189	$ 821,976
Discipline	226,351	400,844
Professional inspection	724,889	744,244
	$ 1,727,429	$ 1,967,064

Direct diffusion to the public: $27,428 ($821,976 in 2006).

8. COMMITMENTS

As at December 31, 2007, the balance of commitments under a lease agreement for its premises, expiring in January 2010, amounts to $1,301,882. Minimum lease payments in each of the next five years are as follows:

2008	2009	2010	2011	2012
$ 446,650	$ 432,151	$ 411,707	$ 6,639	$ 4,371

The Association is also committed under professional services contracts ($575,640) payable in 2008.

9. CONTRIBUTION TO THE MINISTÈRE DES FINANCES DU QUÉBEC

The balance of the contribution to the ministère des Finances du Québec (previously to the Registraire des entreprises) is detailed as follows:

	2007	2006
Reversal of the previous year end provision	$ (146,250)	$ (67,500)
Received bill during the year	228,350	143,326
Provision for the last nine months of the year end	317,900	146,250
	$ 400,000	$ 222,076

10. CONTINGENCIES

During the year 2001, one proceeding was instituted in the amount of $1,410,000 against the Association. According to management, neither the possible outcome nor the amount of possible settlement can be foreseen. Therefore, no provision has been recorded in the financial statements. However, the Association is covered by a liability insurance for an amount up to $2,000,000 for this sinister.

During the year 2006, a complaint in defamation of characters and in damages was instituted in the amount of $1,264,533 against the Association. According to management, neither the possible outcome nor the amount of possible settlement can be foreseen. Therefore, no provision has been recorded in the financial statements. However, the Association is covered by a liability insurance for an amount up to $1,000,000 for this sinister.

11. RELATED PARTY TRANSACTIONS

During the year, the Association, jointly with the Fonds d'assurance responsabilité professionnelle, incurred fees in the amount of $18,143 (2006: $257,696) which were totally rebilled. No amount was billed representing rebilling fees ($22,917 in 2006). These transactions are measured in the normal course of business and at the exchange amount, which is the amount of consideration established and agreed by the related parties. As of December 31, 2007, a balance of $52,333 is included in the accounts receivable regarding these operations ($460,288 in 2006).

12. FINANCIAL INSTRUMENTS

Credit risk

In the normal course of business, the Association conducts ongoing assessments of the financial condition of its clients and examines the credit history of any new client. On December 31, 2007, about 12% (2006: 68%) of accounts receivable were contracted with the Fonds d'assurance responsabilité professionnelle de l'ACAIQ.

Fair value

The fair value of cash, cash in trust accounts, investments in GIC, accounts receivable, interest receivable, accounts payable and salaries payable is comparable to their book value given their forthcoming maturities.

SUPPLEMENTARY INFORMATION

for the year ended December 31, 2007

	2007	2006
SUPPLIES AND SERVICES SCHEDULE		
Revenues		
Sales of forms, manuals and others	$ 2,078,222	$ 1,577,357
Direct costs		
Cost of sales	644,602	538,549
Salaries and employee benefits	96,818	80,366
Printing and translation	22,271	43,608
Other costs	4,113	1,668
Professional fees	800	94
	768,604	664,285
	$ 1,309,618	$ 913,072
ILLEGAL PRACTICE SCHEDULE		
Revenues		
Penalties	$ 10,522	$ 18,429
Direct costs		
Salaries and employee benefits	161,261	109,503
Penal investigations	150,894	125,873
Legal fees	51,258	16,082
Occupancy expenses	7,941	7,052
General administration	7,602	7,365
Amortization	5,902	6,680
	384,858	272,555
	$ (374,336)	$ (254,126)
DISCIPLINE SCHEDULE		
Revenues		
Penalties and disbursements received	$ 328,140	$ 397,703
Direct costs		
Salaries and employee benefits	217,234	176,356
Discipline committee	201,134	160,020
Occupancy	72,529	64,413
Professional fees	72,104	81,146
Delivery	71,932	88,143
Public notices	59,274	57,790
Office expenses	41,312	28,447
Amortizations	8,853	6,680
Bad debts (recovered)	(19,483)	91,998
	724,889	754,993
	$ (396,749)	$ (357,290)

SUPPLEMENTARY INFORMATION (CONT'D)

for the year ended December 31, 2007

	2007	2006
CONTINUING EDUCATION SCHEDULE		
Revenues		
Education activities	$ 141,643	$ 119,626
Direct costs		
Salaries and employee benefits	328,426	333,063
Professional fees	161,392	83,852
Occupation	89,867	79,811
Publication	63,707	21,403
Travelling	33,559	26,498
Office expenses	10,783	2,227
Amortizations	8,853	13,359
	696,587	560,213
	$ (554,944)	$ (440,587)